Description of Flexible Spending Account Benefits
July 1, 2006 through June 30, 2007

	Health Care FSA	*Dependent Care FSA*
Contribution Limits	<u>Minimum</u>: $120 per Plan Year, regardless of the number of months you participate. <u>Maximum</u>: $6,000 per Plan Year	<u>Minimum</u>: $120 per Plan Year <u>Maximum</u>: If single, the lesser of the Participant's earned income for the year or $5000. If married, the lesser of the Participant's or the Spouse's earned income for the year or $5000 if filing jointly, $2500 if filing separately. Note: Maximum contribution cannot exceed $5000 in any calendar (tax) year.
Special Rule if Spouse is Full-time Student	Not applicable	For each month during which spouse is a full-time student, spouse shall be considered to be gainfully employed and earning income of not less than $250 a month ($3000 a year) if there is one Eligible Dependent, or $500 a month ($6000 a year) if there are two or more Eligible Dependents.
Special Rule if Spouse is Incapable of Self-Care.	Not applicable	For each month during which spouse is incapable of caring for him/herself, spouse shall be considered to be gainfully employed and earning income of not less than $250 ($3000 a year) if there is one Eligible Dependent or $500 ($6000 a year) if there are two or more Eligible

		Dependents.
Minimum Monthly Contribution (note: to accommodate bi-weekly payroll, monthly contribution must be an even number, payroll will round down odd contributions)	The Plan does not provide for a minimum monthly contribution. However, to determine the minimum amount you need to contribute, divide the minimum annual contribution of $120 by the number of months from your effective date of participation until the end of the Plan Year on the following June 30. For example, at Open Enrollment, divide $120 by 12 months and your minimum monthly contribution would be $10. But if you start your participation on February 1, divide $120 by the remaining 5 months until June 30 and your minimum monthly contribution would be $24.00.	Same as Health Care FSA
Positive Election Required	Employee must make a new election each Plan Year. A currently participating employee who fails to re-enroll during Open Enrollment will NOT be covered.	Same as Health Care FSA
Irrevocability Rule	Annual Elections are irrevocable and cannot be changed after the beginning of the plan year except as specifically provided in the State's Salary Reduction Plan Document, in accordance with federal Section 125 regulations. See Exceptions to Irrevocability Rules – Mid-Year Changes	Same as Health Care FSA

Eligible Expenses	Medical care, as defined in Section 213(d) of the Internal Revenue Code, **excluding** (i) premiums for any health insurance plan, policy or contract, or (ii) long-term care expenses and (iii) any expense which has been reimbursed, or is reimbursable from any other source. [see www.asiflex.com for discussion of eligible medical expenses] Expense must also be excludable from income pursuant to Code § 129. Expense must be <u>incurred</u> (that is, services received) during the Plan Year and in a month during which a contribution is made. Expense must be incurred by Participating Employee or Eligible Dependent	Dependent care expenses for the care of an Eligible Dependent, limited to the household and dependent care services necessary for gainful employment as provided in IRC Section 21(b)(2) in accordance with Code § 129. [see www.asiflex.com for discussion of eligible dependent care expenses] Expense must be incurred during the Plan Year and in a month during which a contribution is made. Expenses incurred in any month in which the Employee or Spouse is not gainfully employed are not eligible expenses.
Definition of "Eligible Employee"	The definition found in Colorado Revised Statutes 24-50-603(7), "Definitions," as amended. Employee does not include persons employed on a temporary basis.	Same as Health Care FSA
Definition of "Eligible Dependent"	The spouse and each unmarried child or step-child of a participating Employee, or any other relative or household member whom the Participant may claim as a dependent for federal income tax purposes in accordance with Code § 152 for the Plan Year in which eligible expenses are incurred.	Same as Health Care FSA. An Eligible Dependent must also qualify as a "qualifying individual" as specified in Code § 21(b)(1) [may be claimed as a dependent on tax return]

Request for Reimbursement	Submit a request for reimbursement (claim form) and documentation. to ASI, P.O. Box 6044, Columbia, MO 65205-6044. Download from www.asiflex.com.	Same as Health Care FSA Download from www.asiflex.com.

Documentation Required	An Explanation of Benefits from Insurance Carrier, or an Itemized Bill from Health Care Provider that includes:
	  o Patient Name
	  o Date of Service
	  o Amount of Charge
	  o Description of Service
	  o Provider Name and Tax ID
	  o Additional information as may be required to adjudicate the claim (as determined by the plan administrator) .
		Itemized Bill from Dependent Care Provider that includes:
		  o Dependent Name
		  o Date of Service
		  o Amount of Charge
		  o Description of Service
		  o Provider Name and Tax ID
		  o Additional information as may be required to adjudicate the claim (as determined by the plan administrator)

Continuation under COBRA	If on the date of the qualifying event, there is a positive balance in the account (contributions exceed reimbursements), Participant may apply for continuation under COBRA. Coverage under COBRA may be continued through the end of the Plan Year, subject to timely remittance of contribution and administration fees.	Not available.
Deadline for submission of reimbursement requests.	ASI must receive all claims (including supporting documentation) not later than **October 15** following the end of the Plan Year. Postmark date is no longer applicable.	Same as Health Care FSA
Maximum Benefit	100% of a unreimbursed, eligible medical expenses, not to exceed Participant's Annual Contribution for the Plan Year	100% of eligible dependent care expenses, not to exceed the balance available in the account at any given time.

| Reference | Internal Revenue Code – index
[see http://www.fourmilab.ch/ustax/www/contents.html]

Code § 213
[see http://www.fourmilab.ch/ustax/www/t26-A-1-B-VII-213.html]

Code § 129
[see http://www.fourmilab.ch/ustax/www/t26-A-[1-B-III-129.html]

Colorado Revised Statutes
24-50-603 [see http://198.187.128.12/colo+rado/lpext.dll?f=templates&fn=fs-main.htm&2.0] | Code § 21
[see http://www.fourmilab.ch/ustax/www/t26-A-1-A-IV-A-21.html#(d)(2)]

Code § 129
[see http://www.fourmilab.ch/ustax/www/t26-A-[1-B-III-129.html]

Code § 152
[see http://www.fourmilab.ch/ustax/www/t26-A-1-B-V-152.html] |